

DRAFT *af*SETTLEMENT AGREEMENTANDMUTUAL RELEASE

This Settlement Agreement and Mutual Release ("Agreement") is made on May 21, 2010, by and between the County of Los Angeles ("County"), a political subdivision of the State of California, and King-Drew Medical Foundation, Inc., ("Foundation"), a California non-profit corporation, (collectively, "Parties" and individually, a "Party").

Recitals

WHEREAS, on or about April 28, 1987, the Foundation, the County and Charles R. Drew University of Medicine and Science ("CDU") entered into a tripartite agreement (Contract No. 56234), which was then amended four times ("Tripartite Agreement");

WHEREAS, on or about April 25, 2007, the Foundation filed in the Superior Court of State of California (Case No. BC 364109) a Complaint for Breach of Contract with respect to the Tripartite Agreement against the County ("Complaint");

WHEREAS, on or about May 24, 2007, the County filed a Cross-Complaint for Breach of Contract, among other causes of action, with respect to the Tripartite Agreement against the Foundation ("Cross-Complaint," together with the Complaint, the "Dispute");

WHEREAS, Parties wish to settle and resolve all actual and possible differences, without admitting any liability, between them of any kind or nature arising out of or relating to the Dispute, the Tripartite Agreement, or the relationship between the Parties;

NOW THEREFORE, for good and valuable consideration, the sufficiency of which are hereby acknowledged, including mutual promises contained in this Agreement, and subject to approval by the Los Angeles County Board of Supervisors, it is agreed between the Parties that:

Agreement

1. Definition. For purposes of this Agreement:

a. "Dissolution Expenses" are expenses, costs and discharges of liabilities that the Foundation will incur to wind up its affairs and dissolve as a non-profit organization under the laws of the State of California. Dissolution Expenses include, but are not limited to, the (1) payment of all of its known debts and liabilities, including but not limited to, reasonable monthly operating expenses, attorney's fees, and insurance premiums, and (2) payment of all expenses and costs associated with winding up its affairs and dissolving.

b. "Prepaid Amount" is the amount of money that the Foundation will provide to the County after execution of this Agreement but before it winds up and dissolves.

c. "Public-Private Partnership Program Provider (PPP Provider)" is a provider that participates in the Los Angeles County's Public-Private Partnership Program, which is a collaborative effort between the Department of Health Services and private, community-based providers to provide quality health services to low-income and uninsured individuals.

d. "Residual Funds" is the remaining amount of available money (after Dissolution Expenses) that the Foundation has collected or received in accordance with the Tripartite Agreement, and any interest earned on such funds.

2. Condition Precedent. Notwithstanding any other provision of this Agreement, the effectiveness of this Agreement is contingent upon execution of an agreement between the Foundation and CDU, whereby CDU agrees to waive any and all potential or future claims against the Foundation arising from or relating to the Tripartite Agreement.

3. Dismissal of Dispute.

a. Within seven (7) calendar days of execution of this Agreement and execution of the agreement with CDU pursuant to Section 2, Foundation shall dismiss with prejudice the Complaint, with written notice to the County confirming such dismissal provided to the County within three (3) calendar days of such dismissal.

b. Within seven (7) calendar days of execution of this Agreement, the County shall dismiss with prejudice the Cross-Complaint, with written notice to Foundation confirming such dismissal provided to Foundation within three (3) calendar days of such dismissal.

4. Dissolution of the Foundation and Residual Funds for PPP Providers.

a. The Foundation will promptly wind up its affairs and dissolve as a non-profit organization under the laws of the State of California. To effectuate a valid dissolution, the Foundation will pay and provide for Dissolution Expenses.

b. No later than 30 days after winding up its operations and dissolving, Foundation shall transmit the Residual Funds to the County. Within 30 days of receipt of the Residual Funds, the County shall provide the Residual Funds to certain PPP Providers that the Parties will mutually agree upon. These funds may be used to supplement or supplant existing County funding to the designated PPP Providers at the County's sole discretion.

c. Foundation agrees to pay the County a Prepaid Amount of \$25,000 within 90 days of the execution of this Agreement. The Prepaid Amount shall be credited towards and considered a portion of the Residual Funds, and the County shall in accordance with Section 4(b) provide the funds to certain mutually agreed-upon PPP Providers.

5. Release of Obligations. After dissolution, the Foundation will not be required to cooperate with or provide any services to the County in any and all matters related to the Tripartite Agreement. Prior to dissolution, the Foundation will provide names of individuals and their contact information who may be able to assist the County in the case there is an audit, explain the claim process to the County, or explain Foundation documents, including but not limited to bills prepared by Foundation.

6. County's Obligation to Assume Audits. The Foundation will be discharged from any and all private insurance or Medicare audit obligations and responsibilities under Section 6 ("Direct and Indirect Cost Reimbursement to County") of the Tripartite Agreement. The County agrees to assume any and all audit responsibilities and obligations related to payments received pursuant to the Tripartite Agreement. The County assumes no other liabilities related to Foundation or its business operations, including any liability under the fraud and abuse laws.

7. Mutual General Release and Waiver of Claims.

a. The County hereby releases and forever discharges the Foundation and each of its past and present predecessors, successors, affiliates, subsidiaries, parents, insurers, elected officials, officers, directors, employees, heirs, assigns, agents, and attorneys from any and all known and unknown claims, disputes, demands, debts, liabilities, obligations, contracts, agreements, causes of action, suits, attorney's fees and costs, of whatever nature, character or description, which the County had, now have, or may have arising from or relating to the Dispute, the Tripartite Agreement, and/or any matter concerning the Parties' relationship arising from or relating to the Dispute or the Tripartite Agreement.

b. The Foundation hereby releases and forever discharges the County and each of its past and present predecessors, successors, affiliates, subsidiaries, parents, insurers, elected officials, officers, directors, employees, heirs, assigns, agents, and attorneys from any and all known and unknown claims, disputes, demands, debts, liabilities, obligations, contracts, agreements, causes of action, suits, attorney's fees and costs, of whatever nature, character or description, which the Foundation had, now have, or may have arising from or relating to the Dispute, the Tripartite Agreement, and/or any matter concerning the Parties' relationship arising from or relating to the Dispute or the Tripartite Agreement.

8. Foundation records. The Foundation will make available to the County its records relating to the Tripartite Agreement. If the County wishes to take possession of these records, it must, at its own expense, collect them from the Foundation within 60 days of the execution of this Agreement. The Foundation may dispose of the records if the County does not take timely possession of them.

9. No Admission. The Parties' execution of this Agreement is not an admission of any liability, fault or responsibility on the part of any released party. Any settlement made pursuant to this Agreement is regarded by the Parties hereto as payment to avoid the expense, inconvenience, and uncertainty of litigation.

10. Attorney's Fees and Costs. The Parties shall bear their own attorney's fees and costs in connection with this Agreement, including any fees or costs arising from any future actions to enforce the provisions of this Agreement or for breach of this Agreement..

11. Consultation with Counsel. The Parties acknowledge that they have been represented by counsel of their own choice in the negotiations leading to their execution to this Agreement, and that they have read this Agreement and have had it fully explained to them by their counsel.

12. No Reliance. The Parties represent and warrant that, in executing and entering into this Agreement, they are not relying and have not relied upon any representation, promise or statement made by anyone which is not recited, contained, or embodied in this Agreement. Further, each of the Parties to this Agreement has received independent legal advice, or has had the opportunity to receive independent legal advice, from such party's respective attorneys with respect to the advisability of executing this Agreement. The Parties are entering into this Agreement wholly of their own free will and volition.

13. Entire Agreement. This Agreement comprise and contain the entire agreement between the Parties respecting the matters set forth in this Agreement, and supersede and replace all prior negotiations, proposed agreements, and agreements between the Parties, written or oral. Neither Party has made any statement, representation, or promise, other than as expressly set forth herein, to any other party in entering into this Agreement, which has been relied upon by any other party entering into this Agreement.

14. Construction of this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party hereto. Both Parties have participated in drafting this Agreement. The Parties understand and expressly assume the risk that any fact not recited, contained, or embodied herein may turn out hereafter to be other than, different from, or contrary to the facts now known to them or believed by them to be true. Nevertheless, the Parties intend by this Agreement, and with the advice of their own, independently selected counsel, to release finally, fully and forever, all matters released hereunder and agree that this Agreement shall be effective in all respects notwithstanding any such difference in facts, and shall not be subject to termination, modification, or rescission by reason of any such difference in facts.

15. Severability. The provisions of this Agreement are severable, and if any part of it is found to be unenforceable, the other paragraphs shall remain in full force and effect.

16. No Waiver of Terms or Conditions. Failure to insist on compliance with any term or condition contained in this Agreement shall not be deemed a waiver of that term or condition, nor shall any waiver or relinquishment of any right or power contained in this Agreement at any one or more times be deemed a waiver or relinquishment of any right or power other time or times.

17. Further Assurances. Each Party agrees to take such further actions and to execute such further documents, instruments, and agreements as may be reasonably requested by the

other Party to further confirm and effect the consummation of the transactions contemplated by this Agreement.

18. Choice of Law. This Agreement is executed and delivered within the State of California, and the rights and obligations of the Parties hereunder shall be construed and enforced in accordance with and governed by the laws of State of California.

19. Modification and Amendment. This Agreement may not be modified or amended in any way, except in writing, and by following the same formalities and procedures utilized in the original execution of this Agreement.

20. Counterparts. This Agreement may be signed in counterparts, and each counterpart so signed shall constitute a part of one valid original document.

21. Photocopies. A photocopy, PDF, or other facsimile of this Agreement may be used as the original.

22. Headings. The use of headings in this Agreement is only for ease of reference and the headings have no effect and are not to be considered part or terms of this Agreement.

23. Notices. Any and all notices that are required, permitted, or desired to be given hereunder by one Party to the other shall be in writing and shall be delivered to the other Party personally or by United States mail, certified or registered, return receipt requested and addressed as follows:

For the County:

For Foundation:

Dr. Joseph McQuirter
6709 La Tijera Boulevard
Suite 340
Los Angeles, CA 90045- 2017

With a copy to:

Andrea E. Ross
Kenneth Hahn Hall of Administration
Sixth Floor
500 West Temple Street
Los Angeles, California 90012

With a copy to:

Rick Richmond
Kenneth K. Lee
Jenner & Block, LLP
633 West 5th Street, Suite 3500
Los Angeles, California 90071

If personally delivered, such notice shall be deemed given upon delivery. If mailed in accordance with this Paragraph, such notice shall be deemed given as of the date indicated on the return receipt. Either Party may change its address for notice purposes by giving prior written notice of such changes to the other Party in accordance with this Paragraph.

Dated: 5/21, 2010.

COUNTY OF LOS ANGELES

KING-DREW MEDICAL FOUNDATION, INC.

By: [Signature]

By: [Signature]

Title: Interim Director

Title: Executive Director

Date: 5/21/10

Date: 5/17/10